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May 17, 2002

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MAY 17 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: Year 2000 Biennial Regulatory Review
Amendment of Part 22 of the Commission's Rules
WT Docket No. 01-108
Ex Parte Communication**

Dear Ms. Dortch:

Pursuant to Section 1.1206(b) of the Commission's rules, I am writing on behalf of Mercedes-Benz USA, LLC ("MBUSA"), to notify you of an *ex parte* meeting with Commissioner Martin and his staff that occurred on Friday, May 17, 2002, concerning issues related to the above-referenced proceeding.

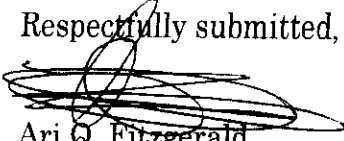
The meeting was held to discuss the submissions of MBUSA in this proceeding and, specifically, under what circumstances the Commission should eliminate Section 22.901 of the Commission's rules. Section 22.901 requires a cellular carrier to provide analog service to analog subscribers in good standing that request such service.

MBUSA urged the Commission to allow the requirements of section 22.901 to continue for at least five years after resolution of the issues raised in this proceeding. Attached to this letter is the presentation made by MBUSA.

Those participating in the meetings at the FCC were Commissioner Kevin Martin; Sam Feder, Legal Advisor to the Commissioner; Daniel Selke and Geoff Smith of MBUSA; and Ari Fitzgerald and David Martin of Hogan & Hartson L.L.P., Counsel for MBUSA.

An original and one copy of this letter are submitted for inclusion in the proceeding record.

Respectfully submitted,


Ari Q. Fitzgerald
Counsel for MBUSA

Enclosure
cc (w/enc.): Commissioner Martin
Sam Feder

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*Briefing before
Commissioner Kevin Martin
on
Telematics and the Transition of the
FCC's Analog Cellular Rules*

WT Docket No. 01-108

May 17, 2002



Mercedes-Benz



What is Tele Aid?

MBUSA, with its service provider ATX, offers Tele Aid, a three-button telematics system that permits users to call for emergency assistance, roadside assistance or information.

MBUSA has an installed base of some 350,000 Tele Aid units, and expects to install roughly 200,000 units per year over the next several years.

Tele Aid features an automatic crash notification (ACN) system that calls for help in case of an accident.

- Crash sensors detect that an accident has occurred and send a distress signal to a Tele Aid call service center
- The vehicle's location, determined by an on-board GPS receiver, is relayed to the call service center
- A voice connection is made to the call center via a hands-free radio communications unit; help is dispatched to the vehicles exact location



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Tele Aid Saves Lives

Tele Aid can significantly reduce rescue response times after an accident, resulting in saved lives. Tele Aid allows rescue personnel to communicate with injured occupants until help arrives. By receiving details of the accident in advance, rescue personnel are better prepared to deal with injuries.

Tele Aid is particularly effective in rural areas, where deaths and injuries from car accidents are more frequent due to the relatively longer time it takes to get medical help to an accident scene. In 2000, 58.6% of all fatalities on America's roadways occurred in rural areas. (Source: NHTSA's Fatality Analysis Reporting System)

In addition to automatic crash notification, Tele Aid features a "SOS" button that connects the vehicle occupants with ATX's call center for assistance in cases involving, for example:

- Medical emergencies such as heart attacks or seizures
- Drivers stranded by snowstorms or other severe weather
- Carjackings
- Reports of crimes or suspicious activity witnessed by the driver



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Tele Aid Provides Security

Tele Aid assists in the recovery of stolen vehicles by reporting the location of the vehicle to the police. Recovery of telematics-equipped vehicles reported stolen exceeds 80%.

Other services available today or in the near future include:

- Real-time traffic alerts and dynamic route guidance, permitting drivers to avoid congested or closed roads.
- Remote door unlock when keys are locked in the vehicle
- Emergency detection of a child or pet in an overheated car
- Remote diagnostics when mechanical problems occur

Out of MBUSA's installed Tele Aid base of 350,000, in the past two years the call centers have received

- **2,936** automatic crash notifications
- **4,591** driver-activated SOS calls requiring emergency dispatch
- **1,059** requests for stolen vehicle location assistance

The Tele Aid call centers were able to screen out thousands of other calls, preventing the needless dispatch of rescue personnel and easing the burdens ordinarily placed on local Public Safety Answering Points (PSAPs). An emergency call from a telematics service provider represents a true emergency in 99% of cases.



Mercedes-Benz

Pending FCC Proceeding

Currently, the FCC's rules (§ 22.901) require cellular licensees to provide analog service, in accordance with the Analog Mobile Phone Service ("AMPS") standard, to any subscriber or roaming customer. The licensee may also devote a portion of its spectrum to digital service.

In a pending rulemaking proceeding (WT Docket 01-108) the FCC is considering elimination of the requirement to provide analog service.

Tele Aid relies on AMPS analog cellular service, which continues to provide the only ubiquitous coverage throughout the United States, covering the vast majority of the country's land area. **A sudden elimination of the AMPS analog service requirement would render existing telematics equipment useless in many parts of the country.**

Although MBUSA expects and supports an eventual move to a digital platform, such a transition cannot occur overnight. Like the vast majority of commenters in the rulemaking proceeding, MBUSA is certain that a transition period of *at least five years is needed before the AMPS standard can responsibly be eliminated.*



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Digital Service Cannot Provide the Ubiquity and Technical Capabilities Critical to Tele Aid

Relying on digital service will not be a viable option for at least five years:

- Despite expanding coverage areas, digital service still covers less than half of the nation's land area. (See attached coverage maps from the FCC's 6th Annual CMRS Competition Report.) Population coverage figures ("POPs") are not appropriate indicators of service ubiquity for telematics, a service that is most valuable in rural areas where emergency response times are longest.
- There is no standardization in digital systems. TDMA, CDMA, iDEN and GSM standards are not interoperable, meaning that nationwide roaming is not possible with digital service. It is not feasible to design a radio device that can operate using all four standards.
- AMPS provides for the simultaneous transmission of data and voice on the same channel, meaning that the caller and the vehicle information are automatically paired. This critical capability is currently not reliable in the digital environment.



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Market Forces Are Not Enough to Ensure Ubiquitous Service

Unfortunately, market forces alone are not sufficient to ensure the ubiquitous coverage needed for a safe and effective Tele Aid program.

- Unlike the market for mobile telephony in general, the market for ubiquitous or near-ubiquitous analog coverage is not competitive.
- Thus far, no nationwide mobile carrier has been willing to commit to maintaining its analog network to ensure the reliability and ubiquity of Tele Aid services.
- Many rural providers may not incur the expense required to implement digital service for some time to come.

Therefore, an elimination of the analog requirement will result in the need for dual-mode (analog/digital) telematics network access devices which, although under development, do not yet exist. Moreover, the initial incremental cost increase will be too expensive for continued inclusion as standard equipment on most automobiles.

Industry-wide, automobile consumers and manufacturers have invested hundreds of millions of dollars in analog telematics equipment that would become useless if the analog service requirement were immediately eliminated.



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Automotive Production Cycles Require Significant Advance Planning

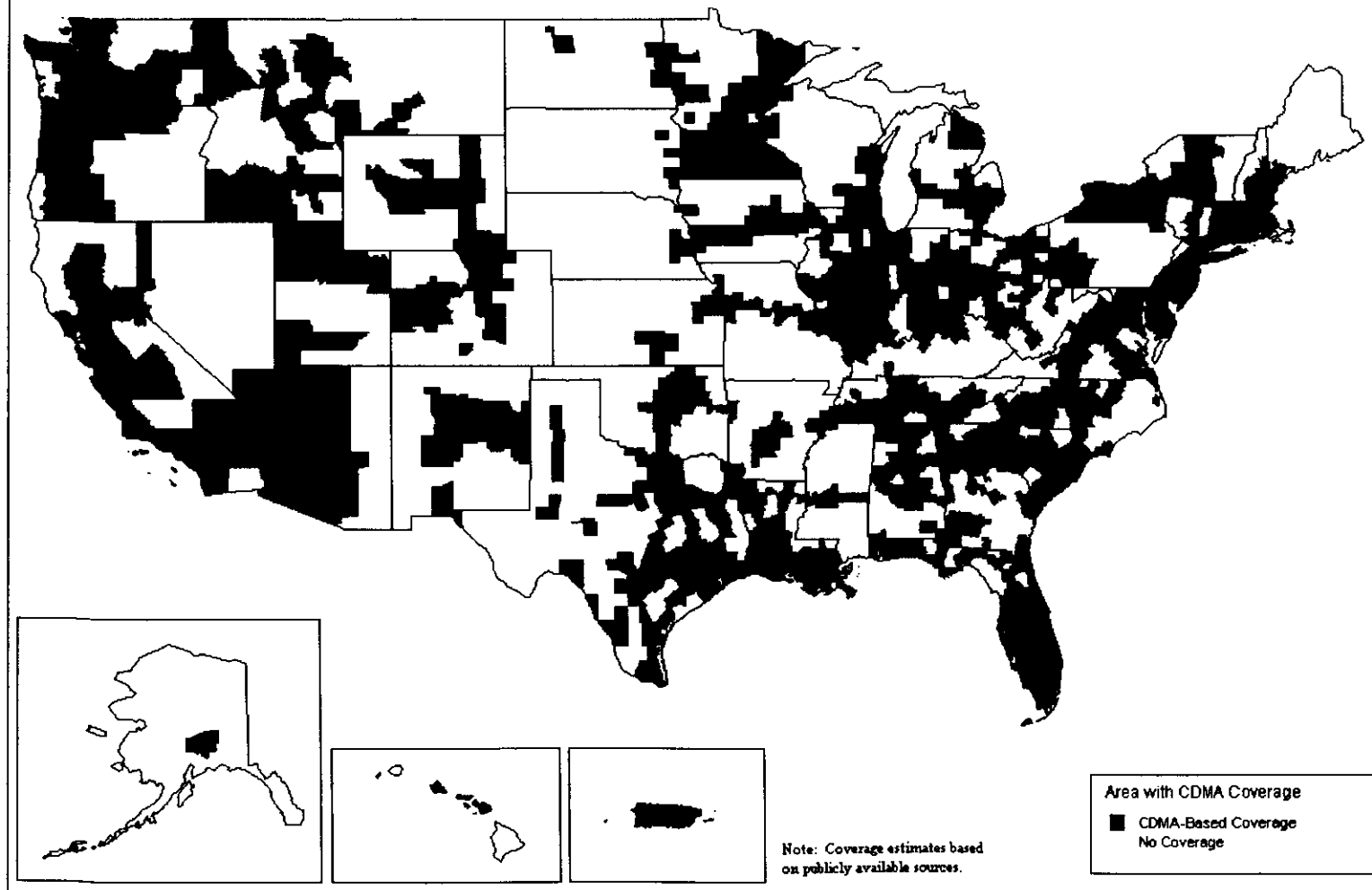
The production cycle for automobiles significantly affects the ability of automobile manufacturers to respond to the elimination of the AMPS standard.

- Automobile manufacturers require a great deal of lead time to incorporate new telematics equipment to prepare for the elimination of AMPS.
- A typical automobile platform lasts seven years and MBUSA automobiles that are sold will be on the road for up to 20 years.
- To ensure crash survivability, telematics devices are securely embedded within the vehicle, making replacement of legacy units difficult and costly.

Because of the time required to design and deploy new telematics devices, and because of the high cost of making changes to telematics devices already deployed, *at least five years* is needed before any elimination of the AMPS standard becomes effective.

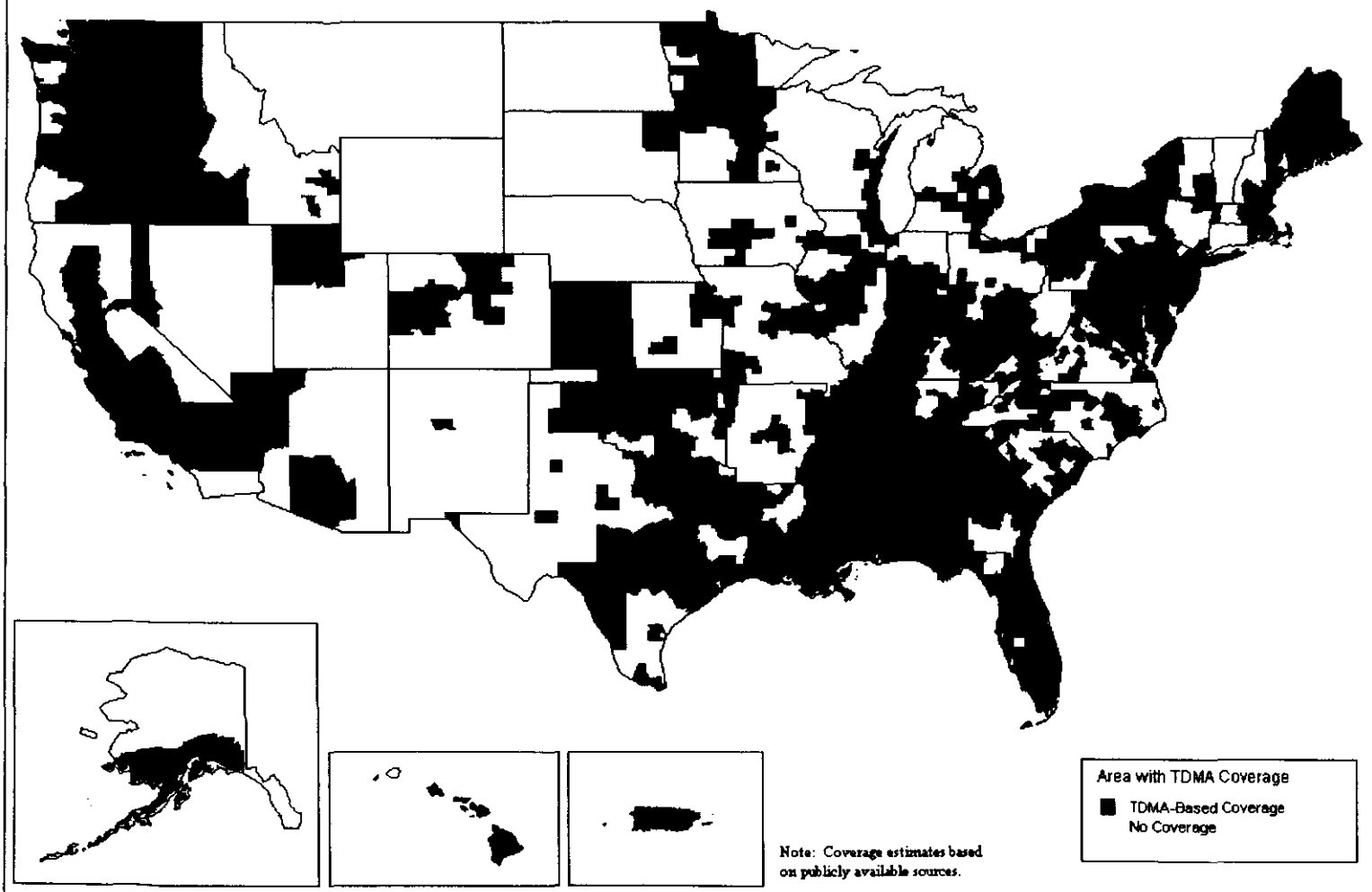
MBUSA feels a responsibility to ensure that its cars continue to have the ability to communicate with safety personnel when accidents occur. **Maintaining the AMPS standard for at least five years is essential to fulfilling this responsibility.**

Estimated Rollout with CDMA-based Coverage



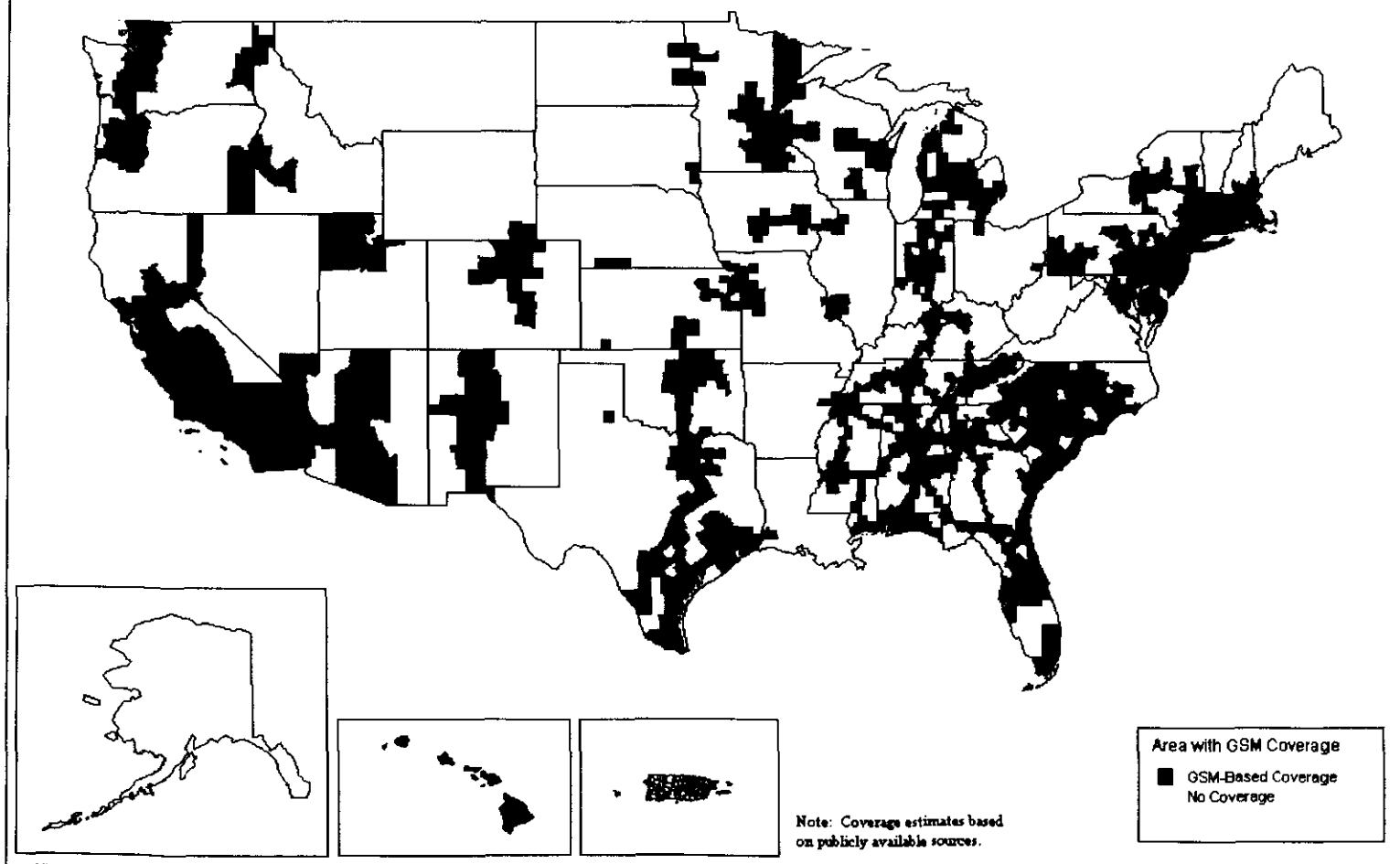
Source: FCC 6th Annual CMRS Competition Report.

Estimated Rollout with TDMA-based Coverage



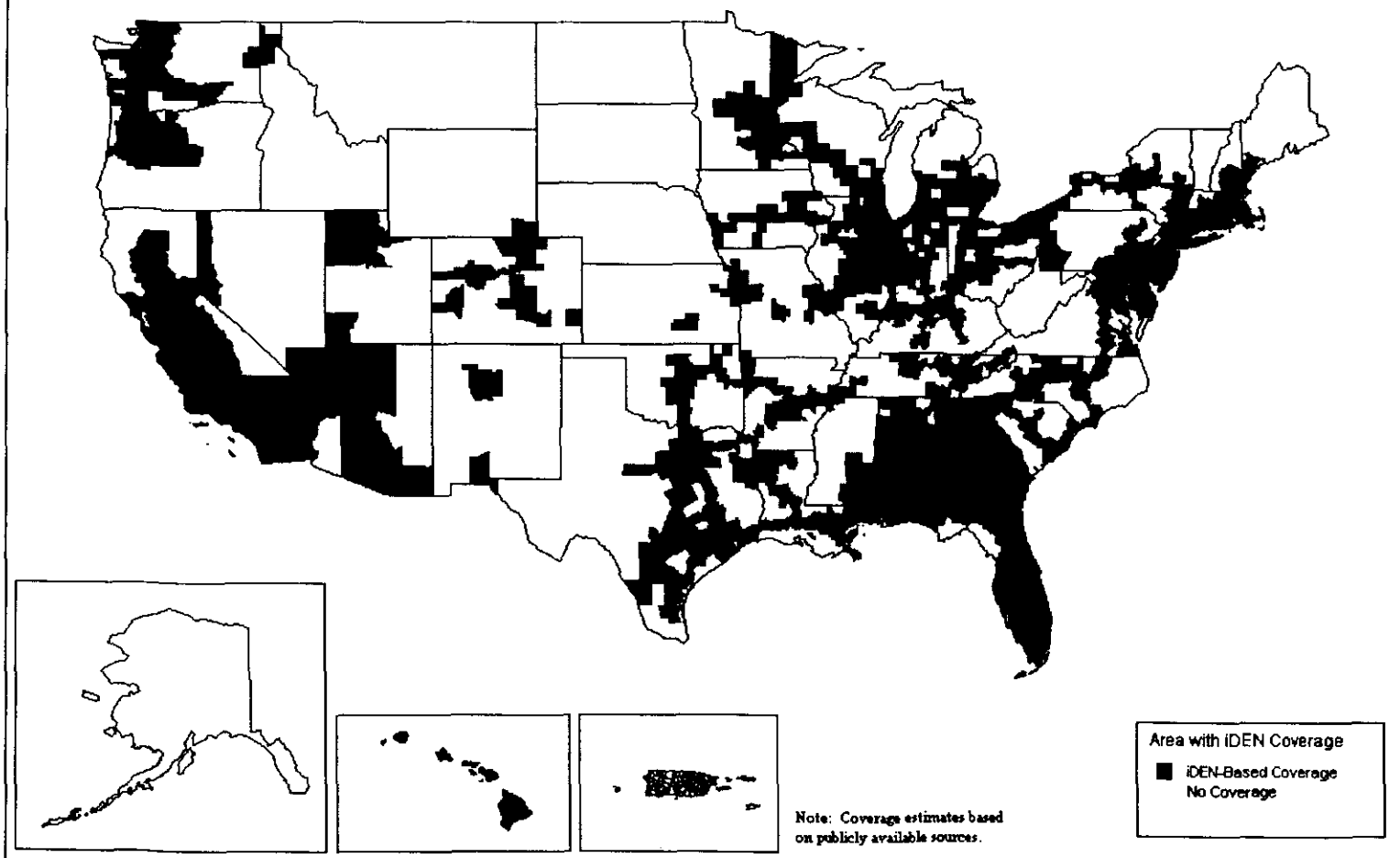
Source: FCC 6th Annual CMRS Competition Report.

Estimated Rollout with GSM-based Coverage



Source: FCC 6th Annual CMRS Competition Report.

Estimated Rollout with iDEN-based Coverage



Source: FCC 6th Annual CMRS Competition Report.